

A G E N D A

UTAH BOARD OF WATER RESOURCES

Utah Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

October 31, 2003

1:00 p.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - September 19, 2003
- III. CHAIR'S REPORT
- IV. FEASIBILITY REPORTS County
 - E047 Hyrum Blacksmith Fork Irr. Co. Cache
- V. COMMITMENT OF FUNDS
 - E062 Porcupine Highline Canal Co. Cache
 - L534 Trenton Town Cache
- VI. SPECIAL ITEMS
 - D489 Center Creek Irr. Co. (Amendment) Wasatch
 - D618 Blanding Irr. Co. (Amendment) San Juan
 - D759 Blanding Irr. Co. (Amendment) San Juan
 - D918 Beaver Bench Irr. Co. (Withdrawal) Beaver
 - E012 Town of Altamont (Withdrawal) Duchesne
 - E045 Summit Co. Service Area #3 (Withdrawal) Summit
 - E068 Magna Water Co. an Improvement Dist. Salt Lake
(Amendment)
 - E097 Bear River Canal Co. (Recommitment) Box Elder
 - E117 Mountain Regional Water SSD Summit
(Bond Ins.: App. Sum., Feas. Rep.,
Comm. of Funds)
- VII. APPROVAL OF 2004 BOARD MEETINGS SCHEDULE
- VIII. DIRECTOR'S REPORT
- IX. OTHER ITEMS
- X. NEXT BOARD MEETING- December 12, 2003 - Salt Lake City
- XI. ADJOURNMENT

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

Division of Water Resources
Room 314
1594 W. North Temple
Salt Lake City, Utah

October 31, 2003

9:00 a.m.

- I. WELCOME/CHAIR'S REPORT Chairman Riley

- II. STAFF REPORTS Staff
 - A. Cloudseeding Report
 - B. Dam Safety Rule
 - C. Meeting Utah's Future M&I Water Needs
 - D. Board Training

- III. DISCUSSION OF PROJECTS Board/Staff

- IV. OTHER ITEMS

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

October 31, 2003

Funds Available for Projects This FY \$ 6,709,000

Projects Contracted This FY

1 Marion Waterworks Co	E053		\$	320,000	
2 Lake Shore Irr Co	E106			141,000	
3 Consolidated Sevier Bridge Res Co	C023	Grant	**	3,625,000	
4 New Escalante Irr Co (Wide Hollow Dam)	C030	Grant	**	275,000	
Contracts for Dam Safety Studies			**	<u>10,000</u>	
Total Funds Contracted					\$ 4,371,000
Funds Balance					\$ 2,338,000

Projects with Funds Committed

1 Pioneer Land & Irr Co	E107		\$	90,000	
* 2 Bear River Canal Co	E097			656,000	
* 3 Porcupine Highline Canal Co	E062			112,000	
4 Kays Creek Irr Co (Adams Dam) Amd	C001	Grant	**	4,000	
Commitments for Dam Safety Studies			**	<u>136,000</u>	
Total Funds Committed					\$ 998,000
Funds Balance					\$ 1,340,000

Projects Authorized

1 North Canyon Irr Co	D955		\$	315,000	
2 Deseret Irr Co	E056			432,000	
3 West Panguitch Irr & Res Co	E105			<u>137,000</u>	
Total Funds Authorized					\$ 884,000
Remaining Funds Available					\$ 456,000

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

October 31, 2003

Funds Available for Projects This FY	\$ 2,158,000
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Bonds Closed This FY

1	\$ -
Total Bonds Closed	\$ -
Funds Balance	\$ 2,158,000

Projects with Funds Committed

1 Johnson Water District	E070	\$ 396,000
* 2 Trenton Town	L534	<u>1,304,000</u>
Total Funds Committed		\$ 1,700,000
Funds Balance		\$ 458,000

Projects Authorized

1	\$ -
Total Funds Authorized	\$ -
Remaining Funds Available	\$ 458,000

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

October 31, 2003

	251,000
Funds Available for Projects This FY	\$ 11,161,000

Projects Contracted/Bonds Closed This FY

1 Wolf Creek Water Conservancy Inc.	E089	\$ 611,000	
2 Davis & Weber Counties Cnl Co (Ph 4)	E112	545,000	
3 Centerville City	L544	1,142,000	
4 Taylor-West Weber WID	E095	<u>825,000</u>	
Total Funds Contracted/Closed			\$ 3,123,000
Funds Balance			\$ 8,038,000

Projects with Funds Committed

1 Town of Brian Head	L541	1,700,000	
2 Lake Creek Irr Co (Ph 1)	E102	22,500	
3 City of South Jordan	E114	130,000	
4 Hooper Irr Co (Press Irr, Ph 1 Amend)	E060	1,402,000	
5 City of Cedar Hills	E099	31,200	
* 6 Magna Water Co an Improve Dist (Amend)	E068	360,000	
* 7 Mountain Regional Water SSD (Bond Ins)	E117	<u>350,000</u>	
Total Funds Committed			\$ 3,996,000
Funds Balance			\$ 4,042,000

Projects Authorized

1 Uintah WCD (Red Wash)	D730	\$ 1,940,000	
2 Strawberry High Line Canal Co	D976	3,187,000	
3 Kanab Irr Co	D968	62,000	
4 Center Creek Culinary Water Co	E020	450,000	
5 Uintah WCD (Island Ditch)	E036	720,000	
6 Mountain Regional Water SSD (Tr. Plant)	E040	1,675,000	
7 New Santa Clara Field Canal Co	E069	930,000	
8 Ephraim Irr Co	E061	1,155,000	
9 Richland Nonprofit Water Co	E087	335,000	
10 Lake Creek Irr Co (Ph 2)	E102	300,000	
11 Tropic & East Fork Irr Co	E104	820,000	
12 West Point City	L546	410,000	
13 Centerfield Town	L547	255,000	
* 14 Hyrum Blacksmith Fork Irr Co	E047	<u>1,394,000</u>	
Total Funds Authorized			\$ 13,633,000
Remaining Funds Available			\$ (9,591,000)

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

October 31, 2003

ADDITIONAL ACTIVE PROJECTS			Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects					
1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D		\$ 10,379,000	\$ 12,211,000
2 Central Utah WCD (Prepay FY98,99,00)	D960	C&D		3,000,000	3,000,000
3 Washington County WCD (Ivins)	D925	C&D		1,390,000	5,100,000
4 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D		27,721,000	32,613,000
5 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D		18,230,000	21,447,000
6 Hooper Irr Co (Press Irr, Ph 2-4)	E060	C&D		12,495,000	14,700,000
Subtotal				\$ 73,215,000	\$ 89,071,000
Projects Under Investigation					
1 Downs Ditch Water Co	D899	RCF		\$ 7,500	\$ 10,000
2 Keith Johnson	D996	RCF		37,500	50,000
3 Mayfield Irr Co	E067	RCF		187,500	250,000
4 Rock Dam Irr Co	E083	RCF		37,500	50,000
5 The Dammeron Corp	E115	RCF		210,000	280,000
* 6 South Willard Water Co	E119	RCF		375,000	500,000
7 Woodruff Irrigating Co	D680	C&D		600,000	800,000
8 Kane County WCD	D828	C&D		1,500,000	2,000,000
9 Uintah WCD (Leota Bench)	D944	C&D		750,000	1,000,000
10 Gunnison Butte Mutual Irr Co	E004	C&D		10,500,000	14,000,000
11 City of South Jordan	E034	C&D		2,253,000	3,004,000
12 East Juab County WCD	E071	C&D		375,000	500,000
13 New Escalante Irr Co	E077	C&D		5,625,000	7,500,000
14 Ferron Canal & Res Co	E082	C&D		2,625,000	3,500,000
15 Whiterocks Irr Co	E084	C&D		1,500,000	2,000,000
16 Logan, Hyde Park, Smithfield Canal Co	E096	C&D		1,301,250	1,735,000
17 Newton Water Users Association	E100	C&D		1,001,250	1,335,000
18 Town of Goshen	E109	C&D		158,000	320,000
19 Weber-Box Elder Conservation Dist	E113	C&D		9,750,000	13,000,000
* 20 Town of Springdale	E118	C&D		708,750	945,000
Subtotal				\$ 39,502,250	\$ 52,779,000
TOTAL				\$ 112,717,250	\$ 141,850,000

* New Applications

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Upper Sevier River WCD	E098

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-047**

Received: 2/2/01

Approved: 3/8/01

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **HYRUM BLACKSMITH FORK IRRIGATION COMPANY**

President: Clair H. Petersen

LOCATION: The proposed project is located south of Nibley and north of Hyrum in Cache County.

EXISTING CONDITIONS & PROBLEMS: The sponsor diverts water from the Blacksmith Fork River and delivers it into earth ditches for the irrigation of about 1,725 agricultural acres (primarily alfalfa) and 100 acres of residential lawns and gardens (50 homes). The ditch system, which also receives water near its midsection from the Hyrum Slough Stream, loses 30% of its water to seepage according to the sponsor's measurements.

The farmland is generally staying in production although some development has occurred.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to install a pressurized irrigation system to serve the aforementioned 1,825 acres. The system will consist of an inlet structure, several pump stations, about 16 1/2 miles of transmission and distribution pipeline, and appurtenances. The Natural Resources Conservation Service (NRCS) in North Logan is providing technical assistance.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to area).

COST ESTIMATE: The following cost estimate is based on the NRCS's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
1.	Inlet Structure	LS	\$10,000	\$ 10,000
2.	Pump Station			
a.	50 HP	3 EA	10,000	30,000
b.	30 HP	1 EA	7,500	7,500
c.	25 HP	1 EA	6,900	6,900
3.	PVC Pipe:			
a.	36-inch	9,800 LF	65.00	637,000
b.	30-inch	2,600 LF	42.30	109,980
c.	27-inch	3,400 LF	35.60	121,040
d.	24-inch	2,200 LF	26.10	57,420
e.	18-inch	2,700 LF	15.20	41,040
f.	15-inch	4,800 LF	10.60	50,880
g.	12-inch	4,200 LF	7.40	31,080
h.	10-inch	6,000 LF	5.40	32,400
i.	8-inch	21,900 LF	4.00	87,600
j.	6-inch	21,500 LF	2.80	60,200
k.	4-inch	8,700 LF	2.40	20,880
4.	Road Crossings	LS	20,000	20,000
5.	Air Vents	LS	6,000	6,000
6.	Riser Valve Assemblies			
		LS	75,000	75,000
7.	Misc. Valves & Fittings			
		LS	63,000	<u>63,000</u>
Construction Cost				\$1,467,920
Contingencies				146,780
Legal, Administrative, and Engineering				<u>25,300</u>
TOTAL				\$1,640,000

COST SHARING The recommended cost sharing and repayment are:
& REPAYMENT:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,394,000	85%
Sponsor	<u>246,000</u>	<u>15</u>
TOTAL	\$1,640,000	100%

If the board authorizes the project, it is suggested it be purchased with annual payments of \$104,000 at 3.1% interest over approximately 18 years. The interest rate is a weighted average of agricultural (3%) and residential (5%) rates in the board's C&D Fund guidelines.

ECONOMIC
FEASIBILITY:

The project is economically feasible if the benefit is equal to, or exceeds, the cost. The primary benefit will be an increase in crop production and net income to the farmers. Based on production estimates provided by the sponsor, the increase in net income will be approximately \$206,000 annually (includes pumping cost). New on-farm sprinkler equipment costing approximately \$600,000 will be required of farmers to gain increased irrigation efficiency. When all benefits and costs of the project are discounted to present worth over 50 years, the benefit/cost ratio is 1.70.

FINANCIAL
FEASIBILITY:

Benefits from installing the project are estimated to be primarily from increased crop yields. Annual net benefits are computed as follows:

Annual Benefit of Estimated Increased Crop Production, Less Pumping Costs	\$ 206,000
Annual Net Reduction of O&M	6,400
Less Annual Cost of Sprinkler Equipment (\$350/acre @ 8% for 10 years)	<u>- 89,400</u>
Annual Net Benefit	\$ 123,000

With the proposed board share of the project being 85%, it is suggested the sponsor's repayment ability be calculated to be approximately 85% of the annual net benefit, or \$104,000.

The suggested annual payment equates to over \$50/acre, which is about twice what most affordable, similar projects pay the board. The sponsor feels it can make the payment, however, based on what it says will be an increased alfalfa yield of 2 tons/acre when ditch irrigation is replaced by sprinklers.

BENEFITS:

The proposed project will replace an inefficient open ditch irrigation system with a pressurized system that will increase crop yields, eliminate time and expense of maintaining ditches, and prevent about 2,900 acre-feet annually in seepage.

PROJECT The Hyrum Blacksmith Fork Irrigation Company became
SPONSOR: officially registered in 1933 when it and Hyrum City
 legally and physically separated their waters. The company
 is currently delinquent with the state

Department of Commerce for failure to file an annual
report.

The company's 950 agricultural and 50 residential shares
are held by 50 shareholders each.

The sponsor has not received assistance from the board in
the past.

WATER RIGHTS The sponsor's water rights have 1860-61 priorities
& SUPPLY: and are:

<u>WRNUM</u>	<u>Type</u>	<u>Source</u>	<u>Flow (cfs)</u>
25-4253	Decreed	Blacksmith Fork River	40
25-4254	Decreed	Blacksmith Fork River	10
25-1962	Diligence	Camp Hollow Creek	5
25-1958	Diligence	Hyrum Slough Stream	5
25-1959	Diligence	Hyrum Slough Stream	5
25-1960	Diligence	Hyrum Slough Stream	5
25-1961	Diligence	Hyrum Slough Stream	5
25-1963	Diligence	Hyrum Slough Stream	5

The sponsor usually obtains 28-36 cfs through the
irrigation season and states it isn't normally short of
water. A share, whether for agricultural or residential
use, represents eight acre-feet per year.

EASEMENTS: Where proposed pipelines won't follow existing ditch
 alignments, easements will need to be obtained. County
 road crossing permits will be needed.

ENVIRONMENTAL: No long-term, adverse environmental impacts are expected.

WATER The proposed project will conserve water by raising
CONSERVATION: irrigation efficiency. An estimated 2,900 acre-feet
 annually, some of which will be used by the sponsor, will
 be prevented from seeping into earth ditches.

SPONSOR'S If the board authorizes the proposed project, the
RESPONSIBILITIES: sponsor must do the following before construction
 can begin:

1. File its annual report with the state Department of Commerce.
2. Obtain a stream alteration permit from the State Engineer for the inlet structure work.
3. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
4. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
5. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
6. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.
 - b. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, land, and water rights necessary for the project.

7. Obtain approval of final plans and specifications from the Division of Water Resources.

8. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

9. Obtain an IRS Employer Identification Number.

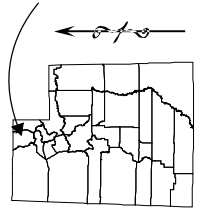
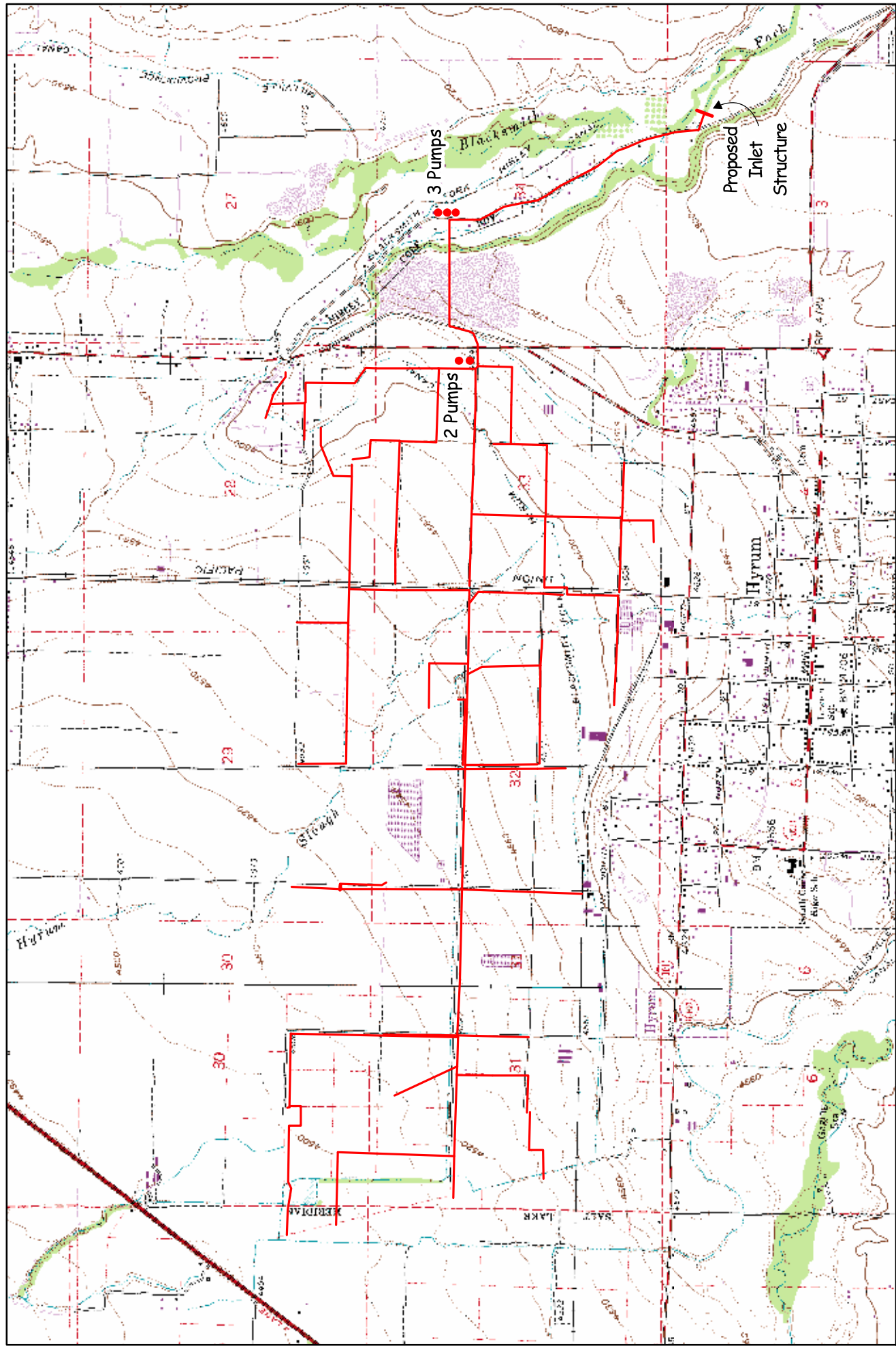
PROJECT
CONTACT
PEOPLE:

President: Clair H. Petersen
318 West 4000 South
Nibley, UT 84321
Phone: (435) 752-5750

Secretary: Noell Hansen
97 West 100 South
Hyrum, UT 84319
Phone: (435) 245-4068

Manager: Paul J. Miller
6600 South 2250 West
Box 141
Hyrum, UT 84319
Phone: (435) 245-3591

Engineer: Sherman D. Lewis
NRCS
1860 North 100 East
North Logan, UT 84341-1784
Phone: (435) 753-5616



Project Location

Proposed Pipeline
Proposed Pumps



Hyrum Blacksmith Fork Irr. Company Pressurized Irrigation Project Cache County

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-062**
Received: 10/19/01
Approved: 11/02/01
Authorized: 04/19/02

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **PORCUPINE HIGHLINE CANAL COMPANY**

President: Gary L. Clawson
375 South 800 East
Hyrum, UT 84319
Phone: (435) 245-6566

LOCATION: The proposed project is located about four miles southeast of Paradise Town, which is about 11 miles south of Logan in Cache County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to replace a freestanding concrete section of irrigation canal, which traverses a steep and rocky hillside, with 48-inch polyethylene pipe.

COST ESTIMATE & SHARING: The project has been bid and costs will be higher than authorized. The authorized and proposed cost sharing are:

<u>Agency</u>	<u>Authorized Cost Sharing</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 85,000	\$112,000	85%
Sponsor	15,000	20,000	15
TOTAL	\$100,000	\$132,000	100%

PURCHASE AGREEMENT: The purchase agreement authorized by the board requires the project to be purchased with annual payments of \$6,000 at 0% interest over approximately 15 years. If the board commits funds to the project, it is proposed it be purchased with annual payments of \$6,000 at 0% interest over approximately 19 years.

BOARD OF WATER RESOURCES

Committal of Funds

Cities Water Loan Fund

Appl. No.: **L-534**
Received: 7/18/00
Approved: 8/4/00
Authorized: 9/22/00

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **TRENTON TOWN**

Mayor: Perry Spackman
244 South 1200 East
Trenton, UT 84338
Phone: (435) 563-0666

LOCATION: The proposed project is located in and around Trenton, about 14 miles northwest of Logan in Cache County.

PROJECT SUMMARY: The town received authorization from the board to upgrade its culinary water system by drilling and equipping a well on the east side of Cache Valley near Richmond, installing about six miles of transmission pipeline to carry water from the well to Trenton's existing water system mainline, and replacing old distribution pipelines with PVC pipe large enough to carry required flows. Because of cost, easement, and water rights issues, the well and transmission pipeline are no longer part of the project.

The town is now requesting financial assistance from the board to upgrade its culinary water system by replacing old distribution pipelines with PVC pipe large enough to carry required flows, and augmenting its current sole source, springs water supply whose flow is inadequate to meet the peak day demand. Although the water supply component of the project is not yet firmly established, one promising proposal is to connect Trenton's system to Lewiston's six miles to the northeast and install a pump station and pipeline to transport the water. While the best and most feasible way of increasing Trenton's supply is being determined, the town would like to proceed with the distribution portion of the project, which has been bid.

COST ESTIMATE
& SHARING:

Subsequent to the board's authorization it was determined the original engineer's estimate of costs was substantially low (engineer has since been replaced). The sponsor pursued and procured additional funding to make up the cost difference.

Although the cost of the water supply component of the project isn't presently known, all the funding agencies concur the total project cost estimate should stay the same as authorized (increased by the additional funding obtained) to cover any water supply option chosen. The authorized and proposed cost sharing are:

<u>Agency</u>	<u>Authorized Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$1,304,000	45%	\$1,304,000	41%
Sponsor	50,000	2	50,000	2
CDBG Grant	100,000	3	100,000	3
RECD Loan	716,000	25	433,000	14
RECD Grant	716,000	25	994,000	31
DDW Loan	0	0	70,000	2
DDW Grant	<u>0</u>	<u>0</u>	<u>207,000</u>	<u>7</u>
TOTAL	\$2,886,000	100%	\$3,158,000	100%

REPAYMENT:

If the board commits funds to the project, it is proposed the repayment terms remain as authorized: the bonded indebtedness of \$1,304,000 will be repaid in 25 years at 0% interest with annual payments of approximately \$55,000.

STAFF COMMENT:

Staff recommends that if the sponsor has not selected and implemented the water supply component of the project in 18 months or less, unused board funds will be returned.

Board funds will become available to the sponsor January 1, 2004, when repayments from past projects come into the Cities Water Loan Fund.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-489**

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **CENTER CREEK IRRIGATION COMPANY**

President: Allen H. Sweat
2682 East 2400 South
Heber City, UT 84032
Phone: (435) 654-3906

LOCATION: The project is located about three miles southeast of Heber City in Wasatch County.

SUMMARY: In the mid-1980s the Board of Water Resources provided about \$255,000 (65.2%) to the sponsor to install a pressurized irrigation system over 910 acres; the assistance is being returned at 0% interest, with the final payment of \$13,048 due this coming December 1.

The sponsor operates four dams and storage reservoirs on the Center Creek drainage. The corrugated metal outlet pipe on dam number three had corroded so, with the assistance of the Division of Water Rights (Dam Safety Section), a professional engineer, and a contractor, the sponsor this summer placed 100 feet of 10-inch polyethylene pipe inside the existing outlet and grouted the space between them.

The new outlet pipe project cost about \$15,000. The sponsor's initial plan was to assess its stockholders to pay for the project, but since it cost more than the sponsor planned on, this was deemed undesirable; two options were then considered:

1. Apply to the Board of Water Resources for financial assistance to pay for the project; repayment period would be one year.

2. Request the Board of Water Resources postpone the \$13,048 payment, due this December 1, one year (see letter).

Option No. 2 was selected by the sponsor.

STAFF

RECOMMENDATION:

Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing this year's payment one year and making it due December 1, 2004.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-618**

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **BLANDING IRRIGATION COMPANY**

President: J. Merlin Grover
1877 East Harris Lane (102-7)
Blanding, UT 84511
Phone: (435) 678-2589

LOCATION: The project is located about two miles south of Blanding City in San Juan County.

SUMMARY: In 1986 the first 3 1/2 miles of the sponsor's irrigation ditch were replaced with pipeline. In 1987 the Board of Water Resources provided \$450,000 (44%) to the sponsor to help replace the remaining eight miles of its ditch with pipeline; the financial assistance is being returned to the board at 0% interest with annual payments of \$23,000 through 2007 and a final payment of about \$18,600 in 2008.

Due to the severe drought in San Juan County and the sponsor's almost total lack of crop production again this year, it will have a difficult time making this year's payment to the board, and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize another amendment to its agreement with the sponsor, postponing this year's payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-759**

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **BLANDING IRRIGATION COMPANY**

President: J. Merlin Grover
1877 East Harris Lane (102-7)
Blanding, UT 84511
Phone: (435) 678-2589

LOCATION: The project is located east and north of Blanding City in San Juan County.

SUMMARY: In the mid-1990s the Board of Water Resources provided about \$273,000 (80%) to the sponsor to install a pressurized sprinkle irrigation system over 600 acres; the financial assistance is being returned to the board at 0% interest with annual payments of \$12,000 through 2020, and a final payment of about \$6,200 in 2021.

Due to the severe drought in San Juan County and the sponsor's almost total lack of crop production again this year, it will have a difficult time making this year's payment to the board, and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize another amendment to its agreement with the sponsor, postponing this year's payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Withdrawal

Revolving Construction Fund

Appl. No.: **D-918**

Received: 10/16/95

Approved: 11/3/95

Authorized: 1/12/96

Reauthorized: 10/25/96

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **BEAVER BENCH IRRIGATION COMPANY**

President: Hal Lessing
Box 864
Beaver, UT 84713
Phone: (435) 438-2451

LOCATION: The proposed project is located about two miles north of Beaver City in Beaver County.

SUMMARY: The board authorized \$280,000 (80%) to the sponsor to help replace its existing flood irrigation system, serving 19 shareholders, with a pump-assisted pressurized system.

After authorization, due to the drought and the high cost of pumping, shareholder support for the project became contingent on the sponsor obtaining an ASCS grant for a significant portion of the cost. Because the sponsor has tried without success the past several years to obtain a grant, it requests its application to the board be deauthorized and withdrawn from further consideration.

BOARD OF WATER RESOURCES

Special Item

Withdrawal

Conservation and Development Fund

Appl. No.: **E-012**

Received: 6/11/99

Approved: 8/6/99

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **TOWN OF ALTAMONT**

Mayor: Travis R. Mitchell
P.O. Box 57
Altamont, UT 84001
Phone: (435) 454-3057

LOCATION: The project is located in and around Altamont, about 15 miles northeast of Duchesne in Duchesne County.

SUMMARY: Altamont requested financial assistance from the board to convert from ditch irrigation to piped, pressurized irrigation throughout town.

Since the Community Impact Board voted to fund the project, staff recommends the application be withdrawn from further consideration by the board.

BOARD OF WATER RESOURCES

Special Item

Withdrawal

Cities Water Loan Fund

Appl. No.: **E-045**

Received: 1/18/01

Approved: 3/8/01

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **SUMMIT COUNTY SERVICE AREA #3**

Chairman: Marv Maxell
7215 Silvercreek Road
Park City, UT 84098
Phone: (435) 649-9538

LOCATION: The project is located about five miles north of Park City in Summit County.

SUMMARY: The sponsor requested financial assistance from the board to drill and equip a culinary water well, install booster pumping equipment, and tie both into the existing water system with pipeline. In applying the board's financial feasibility guideline to the sponsor's service area, it was determined the average monthly water payment would need to increase by about \$30. Because the sponsor feels such an increase would be unacceptable to its users, it intends to complete the project with its own funds and requests its application to the board be withdrawn from further consideration.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Additional Funds

Conservation and Development Fund

Appl. No.: **E-068**
Received: 12/21/01
Approved: 1/25/02
Authorized: 3/14/02
Committed: 1/31/03

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **MAGNA WATER COMPANY AN IMPROVEMENT DISTRICT**

District Manager: Ed Hansen
2711 South 8600 West
Magna, UT 84044
Phone: (801) 250-2118

LOCATION: The project is located in the unincorporated community of Magna in northwestern Salt Lake County.

PROJECT SUMMARY: The sponsor is constructing Phase I of a secondary irrigation system, with plans to eventually expand the system to cover the entire district. The board committed funds for a system to include a five acre-foot regulating pond, several shallow wells, about four miles of transmission pipeline, and enhancements to a wetlands area within the district.

The sponsor has obtained grant funding from the Central Utah Water Conservancy District (CUWCD) and has installed nearly all the pipeline and drilled two wells. It is in the process of drilling a third well and intends to put the regulating pond out to bid this fall.

The yield of the two drilled wells is much lower than anticipated, most likely due to several years of drought. In order to have a backup water source as well as adequate supply as additional phases are constructed, the sponsor would like to build a pump station to utilize water from the Utah & Salt Lake Canal.

Negotiations for purchase of the pond site are continuing. Although the sponsor had hoped to buy only enough land to construct the pond, it is likely the landowner will require purchase of the entire parcel. The extra land will be used in the future as a regulating pond site for additional phases.

COSTS &
COST SHARING:

The aforementioned additions and higher-than-expected pipeline prices have increased Phase I's cost. The sponsor requests additional funds from the board to not only help cover the increased costs and complete Phase I, but also to pay for meters for each service connection for which it had hoped to obtain grant funding.

The committed and proposed cost sharing are:

<u>Agency</u>	<u>Committed Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 815,000	48%	\$1,175,000	56%
CUWCD Grant	700,000	42	700,000	34
Sponsor	<u>175,000</u>	<u>10</u>	<u>215,000</u>	<u>10</u>
TOTAL	\$1,690,000	100%	\$2,090,000	100%

PURCHASE
AGREEMENT:

The sponsor's current agreement with the board requires the project be purchased at 1% interest over 25 years with annual payments of approximately \$37,000. If the board commits additional funds to the project, staff recommends the agreement be amended to provide an additional \$360,000 and to state the sponsor will return the \$1,175,000 at 1% interest over 25 years with annual payments of approximately \$53,400.

BOARD OF WATER RESOURCES

Special Item

Recommittal of Funds

Revolving Construction Fund

Appl. No.: **E-097**
Received: 10/29/02
Approved: 11/8/02
Authorized: 1/31/03
Committed: 9/19/03

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **BEAR RIVER CANAL COMPANY**

President: Charles Holmgren
P.O. Box 187
Bear River City, UT 84301
Phone: (435) 279-8357

LOCATION: The proposed project is located on the Malad River about two miles south of Plymouth in Box Elder County.

PROJECT SUMMARY: The board committed funds to the sponsor to help replace a steel flume truss structure, conveying irrigation water over the Malad River, with an inverted siphon under the river. At time of committal, the sponsor was considering adding a number of ancillary items to the project for maintenance and safety reasons. These items were subsequently made part of the bid package; the sponsor hoped their cost could be absorbed by the committed cost estimate's contingency.

COSTS & COST SHARING: The original project, plus additional maintenance and safety items, has been bid and the committed cost estimate is inadequate to pay for the work. The sponsor requests additional funds from the board to help cover the increased costs.

The committed and proposed cost sharing are:

<u>Agency</u>	<u>Committed Cost Sharing</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$489,000	\$656,000	80%
Sponsor	<u>122,000</u>	<u>164,000</u>	<u>20</u>
TOTAL	\$611,000	\$820,000	100%

PURCHASE
AGREEMENT:

The committed purchase agreement requires the \$489,000 to be returned with approximate annual payments of \$49,000 at 0% interest over 10 years. If the board commits additional funds to the project, it is suggested the \$656,000 be returned with approximate annual payments of \$50,000 at 0% interest over 13 years.

BOARD OF WATER RESOURCES

Special Item

Application Summary, Feasibility Report, and Committal of Funds

Conservation and Development Fund

Appl. No.: **E-117**

Received: 9/12/03

To be Presented at the October 31, 2003 Board Meeting

SPONSOR: **MOUNTAIN REGIONAL WATER SPECIAL SERVICE DIST.**

Chair: Shauna L. Kerr
60 North Main Street
Coalville, UT 84017
Phone: (435) 640-1916

LOCATION: Mountain Regional Water Special Service District covers an area of approximately 32 square miles in Summit County and consolidates culinary water services previously provided to various areas by a number of smaller water purveyors.

SUMMARY: The district currently serves approximately 2,250 connections with commitments for an additional 3,200. It owns, operates, or manages 24 wells, a spring yielding over 5,500 gallons per minute, 18 storage tanks holding over 8,000,000 gallons, and nearly 12 miles of new major regional water transmission lines and system interconnects.

The district also services and operates over 100 miles of distribution pipelines, pumping stations, and pressure regulation stations throughout the Snyderville Basin region.

The district plans to issue one series of bonds for \$32.45 million to fund culinary water pipeline extensions to interconnect existing systems, purchase water rights, install a SCADA system, and make other water system improvements. The project allows for the unification and improvement of the previously fractured and largely insufficient private and public water systems serving the Snyderville Basin.

REQUEST: The district is requesting the board provide a grant of \$350,000 to buy bond insurance. The insurance will reduce the interest rate about 0.5% and save the district approximately \$3.9 million in interest payments over the bond's 30-year repayment period.

ECONOMIC
FEASIBILITY: The benefit/cost ratio is assumed to be 1.0.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-118***
Received: 10/9/03

SPONSOR: ***TOWN OF SPRINGDALE***

Mayor: Bruce M. VanderWerff
118 Lion Blvd.
Springdale, UT 84767
Phone: (435) 772-3434

LOCATION: The proposed project is located in Springdale, near the southern entrance to Zion National Park in Washington County.

PROPOSED PROJECT: Springdale is requesting assistance to improve the pressurized secondary irrigation system serving the town by adding existing water sources to it, constructing a settling and regulating pond, and installing a telemetry system.

WATER RIGHTS:	81-585:	0.33 cfs
	81-2413:	0.525 cfs
	81-3392:	1.33 cfs

COST ESTIMATE: \$945,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-119**
Received: 10/10/03

SPONSOR: ***SOUTH WILLARD WATER COMPANY***

President: Richard E. Day
815 West 7800 South
Willard, UT 84340
Phone: (435) 734-2137

LOCATION: The proposed project is located a mile south of Willard City, about five miles south of Brigham City in Box Elder County.

PROPOSED PROJECT: The sponsor is requesting assistance to improve its culinary water system by constructing a 700,000 gallon storage tank.

WATER RIGHTS: 29-1167, 2096, and 3941

COST ESTIMATE: \$500,000

Unapproved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

September 19, 2003

Division of Water Resources
Room 314
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
September 19, 2003

The Board of Water Resources held a briefing meeting on September 19, 2003, at 9:00 a.m. at the Division of Water Resources, Room 314, 1594 West North Temple, Salt Lake City, Utah.

The following people were in attendance:

BOARD MEMBERS

Paul Riley
Ivan Flint
Brad Hancock
Harold Shirley
Bill Marcovecchio
George Harmond, Jr.
Paul McPherson
Warren Peterson

STAFF MEMBERS

Larry Anderson
Dennis Strong
Eric Millis
Steve Wilde
Nancy Fullmer
Todd Adams

Chair Paul Riley called the briefing meeting to order and welcomed everyone. He asked Board member Paul McPherson to talk about the Utah State Fair since he serves on that board. Mr. McPherson said it was a good fair and the attendance was up about 24% from last year.

Chair's Report

Chair Riley reported on the meeting he attended on September 16 of the State Water Development Commission. He said Director Anderson gave excellent reports covering the Bear River Development Project and the Lake Powell Pipeline Project. Director Anderson said Dennis Strong gave the Bear River presentation, which was an update and cost estimate of the project.

Dennis Strong was asked to talk about the Bear River Project since some of the Board members were not familiar with it. He talked about the 1991 Bear River Development Act and the requirements given to staff. The new Board members were given copies of the Bear River Development Report. Mr. Strong also reported on the modifications to the project that were made in 1999. He said in 2002 the legislature passed a bill directing staff not to study potential reservoirs at Honeyville or Barrens. Staff is now working with the Weber Basin Water Conservancy District to possibly develop an agreement using Willard Bay to store some of the Bear River water. He showed a map of the project and pointed out the proposed reservoir sites and Willard Bay. Ivan Flint talked about some of the discussions he had with staff regarding the use of Willard Bay. He also mentioned some of the problems caused by the low water level in Willard Bay.

Director Anderson handed out copies of information he presented to the legislative committee regarding the proposed Lake Powell Pipeline Project. He said staff has been working on the project for about ten years, and Washington County Water Conservancy District is committed to constructing the project. The division contracted with the Bureau of Reclamation to look at sites for a pumping station at Lake Powell. Mr. Anderson reviewed the proposed project that will cost about \$354 million to deliver water to Washington County and the Kanab area, and an additional \$114 million to deliver water to the Cedar City area. He talked about the possibility of developing hydropower to help reduce some of the costs.

Director Anderson said the Board of Water Resources gave Flaming Gorge water rights to Washington County Water Conservancy District and Kanab City, and now Cedar City is requesting water from the Flaming Gorge water rights if any of the water rights are returned to the Board. The Board members discussed the water situation in the Cedar City area and the State Engineer's proposal regarding groundwater overdrafts.

Eric Millis was asked to report on the Natural Resources, Agriculture and Environment Interim Committee meeting he attended. He said the main topics were Wild and Scenic Rivers Designations and the State Engineer's Groundwater Management Issues. Copies of the information were given to the Board members.

Review of Items from Board Retreat

Dennis Strong said after reviewing the notes from the Board Retreat, he recommended the Board take action on six of the items. He suggested the Board give priority to the Quality Growth Communities and add them in the number two priority with municipal water projects. Director Anderson read the definition of Quality Growth Communities and the four broad areas that must be addressed. The Quality Growth Commission will decide which communities meet the criteria. Mr. Strong suggested the Board wait and see what the other water funding agencies decide to provide as incentives for Quality Growth Communities.

Mr. Strong said the second item was the suggestion that “replacement” (“R”) be added to the term operation and maintenance (O&M) that is used in the statement of projects the Board will not fund. He said the Board regularly funds replacement projects and he feels the Board does not need to add the term “replacement” to the guidelines. After considerable discussion about possibly requiring sponsors to set up reserve accounts, the Board members agreed not to add “replacement” to routine operation and maintenance projects they will not fund.

The third item was regarding increasing the percentage of full-time residents required for summer home developments in order to be considered for funding by the Board. Staff suggested the summer home requirement be that at least 50% of the residences be occupied full-time to qualify for consideration of Board funding. Mr. Strong said at one time the Board required 80% of the residences be occupied full-time, but the Board later changed it to 20%. After considerable discussion, Brad Hancock made a motion that the Board change its requirement to at least 50%. Harold Shirley seconded the motion, and the Board members agreed with the exception of Paul McPherson who voted no and Warren Peterson who had not arrived at the meeting. Mr. McPherson said he wanted the requirement to be 80% full-time residency; Mr. Hancock did not want to be too restrictive.

Mr. Strong said the fourth item was the suggestion to not fund projects for individuals. He recommended adding individuals and single families to the list of those not eligible for Board funding. After some discussion, Ivan Flint made the motion, seconded by George Harmond, to add that individuals and single families are not eligible for Board funding. The Board members unanimously passed the motion.

The fifth item to be discussed was omitting the word “rural” from the type of culinary projects the Board will fund in the Revolving Construction Fund. Staff has also suggested the maximum culinary project cost be increased from \$250,000 to \$500,000. After some discussion, Brad Hancock made the motion to omit the word “rural” and change the guideline to read “Culinary projects costing less than \$500,000 that involve mutual irrigation and water companies”. Paul McPherson seconded, and the motion was unanimously passed.

Mr. Strong said the sixth item was the suggestion to limit the length of time for authorized phased projects. The Board members said it was good to review the projects because things change, but they felt two years would not be long enough for the sponsors to construct the projects. Harold Shirley made a motion, seconded by Warren Peterson, that phased projects be authorized for a maximum period of six years. The Board members unanimously agreed.

Chair Riley reminded the Board members they did not take an action on the first two items previously discussed. Brad Hancock made a motion to add “and/or Quality Growth communities” to the second priority projects, as long as they are in parity with the other second priority projects. The motion was seconded by Bill Marcovecchio and unanimously passed by the Board.

The Board members determined they did not need to take an action on the second item regarding replacement projects. There was some discussion about how to reward sponsors who have reserve funds set aside.

Director Anderson said the changes to the Guidelines would have to go through the rulemaking process. He said staff would probably come back next month with another proposed rule change as it relates to interpretations to the Dam Safety Act. Mr. Anderson said, he would like the Board to have the option to use dam safety funds to build a replacement dam rather than upgrading an existing dam.

Water Funding Alternatives Task Force

Chair Riley asked Warren Peterson to report on the Water Funding Alternatives Report that was presented to the task force. The Board members were given a copy of the subcommittee’s report. Mr. Peterson gave a history of the Water Funding Alternatives Task Force and the subcommittee that was formed.

Mr. Peterson encouraged the Board members to read the Executive Summary. He reviewed part of the report and talked about the projected needs of the state water funding agencies for major water projects. He also discussed the list of Funding Alternatives. He said after the subcommittee looked at several options for sources of revenue to fund water projects, they determined the most economical source was to use the 1/16% sales tax that was already in place.

Mr. Peterson said the report was adopted by the task force with a motion that the report be duplicated and provided to the various legislators. Ivan Flint thanked Mr. Peterson and the subcommittee for the work they did. Chair Riley also thanked Mr. Peterson for the job he did.

Discussion of Projects

Steve Wilde reviewed the feasibility report for Centerfield Town. He said Dan Aubrey, one of the geologists at the division, was the project manager because of the well components of the project. Mr. Wilde pointed out the location of the proposed well on the map. Warren Peterson said he did not accompany staff on the investigation of the project. Mr. Wilde said the town would be receiving cost sharing funds from USDA Rural Development and the Community Impact Board, and representatives from both agencies had been invited to the Board meeting. There was a discussion about the water rights for the project. The town has funds set aside to purchase water rights.

Director Anderson informed the Board there were no changes in the Bear River Canal Company project that was authorized earlier in the year. The sponsor is requesting committal of funds but would not be attending the Board meeting. Harold Shirley said he would make the motion in the Board meeting since the project is located in Chair Riley's area.

The Pioneer Land and Irrigation Company is requesting committal of funds for its project which has not changed since authorization at the last Board meeting. The sponsor is anxious to receive the funds for the project.

Steve Wilde explained the request from Hooper Irrigation Company, who was now ready to proceed with construction of the regulating reservoir and pump station portion of its phase one project. Staff suggested the Board commit funds through an amendment to the sponsor's current agreement.

Dennis Strong explained the request from the City of South Jordan for a grant to buy bond insurance. Bill Marcovecchio said it is a good project and the money will be well spent.

Steve Wilde mentioned the New Application received from The Dammeron Corporation in Washington County.

Director Anderson explained the request for committal of funds for the operational cloud seeding program. The sponsors want to make sure the cost-sharing funds are available from the Board. Todd Adams said he would make the presentation at the Board meeting and talk about last year's program.

Minutes

Chair Riley asked if there were any corrections to the minutes of the previous Board meetings. Some of the Board members mentioned a few changes they would like made.

Other Items

Director Anderson handed out a proposed schedule for the 2004 Board meetings. He asked the Board members to review the dates so the schedule could be approved at the October Board meeting. The Board members discussed the proposed tours and meetings out of Salt Lake. Some of the Board members expressed an interest in learning about the water sources and systems for the Salt Lake Valley area.

Chair Riley said staff would be requesting approval from the Board members to publish the Bear River Basin Report. He said he had given staff his comments on the report.

The briefing meeting adjourned at noon.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING

September 19, 2003

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the August 7 and 8, 2003 meetings were approved with suggested changes. page 1
2. The Centerfield Town project was authorized in the amount of \$255,000 (10%) to be repaid in 25 years at 1% interest with annual payments ranging from approximately \$4,600 to \$24,200 which includes reserves. page 2
3. Funds were committed to the Bear River Canal Co. project in the amount of \$489,000 (80%) to be repaid with approximate annual payments of \$49,000 at 0% interest over ten years. page 2
4. The Board committed funds to the Pioneer Land and Irrigation Co. project in the amount of \$90,000 (75%) to be repaid with annual payments of \$4,700 at 0% interest over approximately 19 years. page 2
5. Funds were committed in the amount of up to \$150,000 with a maximum cost share of 50% with local sponsors for the 2003-2004 Operational Cloud Seeding Program. page 3
6. The Board gave final approval of the Bear River Basin Plan "Bear River Planning for the Future" to be distributed and published. page 3
7. The contract for the Hooper Irrigation Company was amended to provide 85% of the total cost of Phase I up to \$4.079 million with funds to be returned in 25 years at 3% interest with annual payments ranging from approximately \$171,000 to \$336,000. page 4
8. The Board granted the City of South Jordan funds in the amount of \$130,000 for bond insurance. page 4

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, September 19, 2003 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Riley presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Paul Riley
Harold Shirley
Bill Marcovecchio
Brad Hancock
Ivan Flint
George Harmond, Jr.
Paul McPherson
Warren Peterson

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Assistant Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Todd Adams, Chief, Hydrology and Computer Applications
Todd Stonely, Chief, River Basin Planning
Ken Short, Engineer
Boyd Phillips, Engineer
Russell Hadley, Engineer
Tom Cox, Engineer
Ann Merrill, Engineer
Dan Aubrey, Geologist
Travis Douthit, GIS specialist
Lyle Summers, Economist
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Chris Hogge, Engineer, Weber Basin Water Conservancy District

OTHERS PRESENT CONT'D:

Mayor Darwin Jensen, City of Centerfield

Mrs. Darwin Jensen

John Iverson, Project Manager, Sunrise Engineering

Bonnie Carrig, U.S.D.A. Rural Development

Robert W. Penman, President, Hooper Irrigation Company

Kurt Fowers, Director, Hooper Irrigation Company

Lee Cammack, Project Manager J U B Engineers

Brad Marler, So. Jordan City Councilman, South Jordan City

Larry Ipson, Finance Director, South Jordan City

Jonathan Ward, Asst. V.P., Zions Bank

MEETING OF THE
BOARD OF WATER RESOURCES
September 19, 2003

Chair Riley welcomed everyone to the meeting.

APPROVAL OF THE MINUTES

Harold Shirley made the motion, seconded by Warren Peterson to approve the August 7 and 8, 2003 minutes with suggested changes. The Board agreed unanimously.

CHAIR'S REPORT

Director Anderson said this year the public heeded the call to conserve water. Many of the communities contacted said water use was down 10% over last year. Water use in the state as a whole was down 7%. He said the agricultural community has had the least drop in use, however, the public needs to be patted on the back for their effort in conserving water.

FEASIBILITY REPORT

#L547 Centerfield Town

Chair Riley introduced Mayor and Mrs. Darwin Jensen, and John Iverson of Sunrise Engineering. Steve Wilde reported Centerfield Town supplies culinary water to 375 residential and 21 commercial connections. The majority of the connections have access to pressurized secondary irrigation water, but the past few years only about 25% have been able to effectively use it due to drought-related water supply problems.

Centerfield is requesting financial assistance to improve both its culinary water and secondary irrigation systems. Culinary improvements will include a well, a 100,000 gallon holding tank with booster pumping station near the well, a 300,000 gallon storage tank, and pipeline, valve, and hydrant replacements/additions to the distribution system. Secondary system improvements will include an irrigation well and transmission pipeline. Technical assistance is being provided by Sunrise Engineering in Fillmore. The project is estimated to cost \$2.648 million; the request from the Board is 10% or \$255,000, \$1.35 million (51%) will be received from Rural Development, \$852,000 (32%) from the Community Impact Board and the town will provide \$191,000 (7%). Mr. Wilde asked Mayor Jensen if they had appeared before Rural Development and the CIB. Mr. Jensen said yes the funds from those agencies have been approved.

Mayor Jensen said they appreciated Dan Aubrey, Lyle Summers and Sunrise Engineering for their efforts. Chair Riley asked if the town anticipated difficulty in obtaining water rights.

Mayor Jensen said no, because water rights are available. He said this is a project that needs to be done. The town started saving towards this project as soon as the last project was completed. They have worked real hard to get to this point.

Warren Peterson asked Bonnie Carrig of Rural Development if the RDA funds were available now. Ms. Carrig said yes, the application was approved and funds have been committed. Chair Riley asked if funds were available for purchasing the water rights. Mr. Iverson of Sunrise Engineering said the town has \$40,000 earmarked to purchase the water rights.

Warren Peterson asked Mayor Jensen and Mr. Iverson if there was any cooperative work taking place between the Centerfield and Gunnison since the two communities are so close. They said there was an interconnect on the culinary system so if one system broke down the other town could be partially fed from its system. Mr. Peterson said he liked the fact the town had saved \$191,000 towards the project and the fact there's cooperation between the two communities to help each other's needs.

Mr. Peterson made the motion to authorize the Centerfield Town project in the amount of \$255,000 (10%) to be repaid in 25 years at 1% interest with annual payments ranging from approximately \$4,600 to \$24,200 which includes reserves. Bill Marcovecchio seconded the motion and the Board agreed unanimously.

COMMITTAL OF FUNDS

#E097 Bear River Canal Co.

Steve Wilde reported in January, 2003, the Board authorized \$489,000 to replace a steel flume truss structure conveying irrigation water over the Malad River with an inverted siphon under the river. Harold Shirley made the motion to commit funds to the Bear River Canal Co. in the amount of \$489,000 (80%) to be repaid with approximate annual payments of \$49,000 at 0% interest over ten years. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

#E107 Pioneer Land and Irrigation Co.

Steve Wilde reported in August the Board authorized \$90,000 for the Pioneer Land and Irrigation Co. project. The company is requesting financial assistance to install a new irrigation pump station facility approximately 200 feet upstream from its existing pump on the Weber River. The project is estimated to cost \$120,000. Ivan Flint made the motion to commit funds in the amount of \$90,000 (75%) to be repaid with annual payments of \$4,700 at 0% interest over approximately 19 years. Paul McPherson seconded the motion and the Board agreed unanimously.

APPROVAL OF CLOUD SEEDING FUNDS

Todd Adams explained the Division's cloud seeding program to the Board and said it is time to again ask the Board for a commitment of \$150,000 from the Revolving Construction Fund with a maximum contribution of 50% for the 2003-2004 Operational Cloud Seeding Program. Director Anderson explained the Division has authorization from the Legislature to use up to \$150,000 from the Revolving Construction Fund for cloud seeding.

Warren Peterson made a motion to commit funds in the amount of up to \$150,000 with a maximum cost share of 50% with local sponsors for the 2003-2004 Operational Cloud Seeding Program. Bill Marcovecchio seconded the motion and it was unanimously agreed upon by the Board.

FINAL APPROVAL OF THE BEAR RIVER BASIN PLAN

Eric Millis said several weeks ago the Board was sent a copy of the "Bear River Basin Planning for the Future" report which is the first of the rewrites of the basin plans. It is staff's intent to go back and update these basin plans that were completed in 2001. Mr. Millis said Ken Short, the principal author and Todd Stonely, manager of the River Basin Planning Section were the principal staff members involved. Chair Riley also spent a lot of time giving comments and attending meetings with the staff. We are requesting the Board give approval so the plan can be published and distributed to the water users. Ivan Flint made the motion to give approval to staff to publish and distribute the "Bear River Basin Planning for the Future" report. Harold Shirley seconded the motion and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#E060 Hooper Irrigation Company

Chair Riley introduced Robert W. Penman, president; Kurt Fowers, director; and Lee Cammack, engineer. Russ Hadley reported the Board authorized a four-phased pressurized irrigation system to serve agricultural and residential users. When the overall project is completed, about 6,000 acres of farms and 2,400 acres of residences will be under pressurized irrigation; the company's remaining 4,000 acres in the Taylor and West Weber areas, plan to remain a ditch irrigation system.

The pipeline portion of the project's first phase is nearly complete. When the Board committed funds for the pipeline portion it was informed the pipe would ultimately be tied to a regulating reservoir and pump station. The company had not yet procured the land on which those components would be built, however, so funds were not committed to them.

The company is now ready to proceed with construction of the 28-acre-foot, impervious membrane-lined regulating reservoir, and 640 horsepower pump station, and is requesting the Board commit funds because these features are integral with the pipeline.

Staff suggests the funds be made available through an amendment to the current agreement with the new costs added and the Board continuing to provide 85% cost sharing at 3% interest.

Mr. Penman said they were on schedule with the installation of the pipe and hope to obtain the funds so the reservoir can be built and operating next spring. After considerable discussion, Ivan Flint made the motion to amend the Hooper Irrigation Company contract to provide 85% of the total cost of Phase I up to \$4.079 million with funds to be returned in 25 years at 3% interest with annual payments ranging from approximately \$171,000 to \$336,000. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

#E114 City of South Jordan

Chair Riley introduced Brad Marler, city councilman; and Larry Ipson, finance director. Dennis Strong reported South Jordan City is planning to issue a series of bonds for \$23.2 million to fund culinary water pipeline extensions, pressure reducing valves, storage tanks, water meters, a SCADA system, and other water system improvements, and is requesting the Board grant funds for bond insurance. The insurance will reduce the interest rate about 0.3% and save the city approximately \$775,000 in interest payments over the bond's 20-year repayment period.

Mr. Marler asked the Board to consider the proposal. He said the city is trying to upgrade many many services that should have been upgraded for many years. This proposal will help them to accomplish this.

Bill Marcovecchio said he had discussed this with Scott Robertson and feels this is a good use of money, and made the motion to grant the City of South Jordan \$130,000 for bond insurance. Brad Hancock seconded the motion and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson said the Division has several new staff members and asked Eric Millis to introduce two of them. Mr. Millis said at the end of June the Division hired Ann Merrill and Travis Douthit. Ann is a civil engineer in the Division's Hydrologic and Computer Application Section working for Todd Adams. Travis is a geographic information systems or GIS expert and is working in the Technical Services Section under Eric Edgley. Travis and Ann both gave the Board some background information about themselves. Director Anderson said staff is pleased to have them both working for the Division.

Director Anderson referred the Board to a memo in the Board folder to Bob Morgan regarding Wild and Scenic River designations. The memo suggests questions that ought to be addressed as Wild and Scenic River designations are considered. He said Val Payne and John Harja of the Department of Natural Resources are working with the BLM and Forest Service and

will hopefully get answers to these questions. If not then some other method needs to be taken to make sure Utah's water resources are available to meet our future water needs.

Chair Riley asked if the Miccosukee Tribe of Indians v. South Florida Water Management District case would have any impact on our interbasin transfers. Director Anderson said there is a high probability it would. He said water agencies in the west are hoping this case will be appealed. Director Anderson said he believes the Utah Attorney General was a signator to a letter requesting this case be reviewed by the U.S. Supreme Court.

Director Anderson briefed the Board on the meetings being held in regard to California's Quantification Settlement agreement.

Meeting adjourned at 2:40 p.m.

BOARD OF WATER RESOURCES

Tour of Cedar/Beaver Basin Area

August 7, 2003

Tour Attendees

Board Members

Paul and Dorothy Riley
Harold and Diane Shirley
Warren Peterson
Ivan and Marlene Flint
George Harmond, Jr.
Paul and Judy McPherson

Staff Members

Larry and Cozette Anderson
Dennis and Connie Strong
Eric Millis
Nancy and Rick Fullmer
Randy Staker
Geralee Murdock
Steve Wilde
Todd Stonely
Val and Shelley Anderson

Visitors

Sherm and Marsha Hoskins, Department of Natural Resources
Lee Sim, Division of Water Rights
Representative Bud Bowman
Representative Michael Noel
Kerry Carpenter, Regional Water Rights Engineer
Gene Roundy, Iron County Commissioner
Wayne Smith, Iron County Commissioner
Central Iron County Water Conservancy District
 Scott Wilson, Executive Director
 Eldon and Loree Schmutz
 Sheridan Hansen
 Leon Hyatt
 Joe Melling
 Tom and Corinne Williams
 Rod Mills, Nolte Eng. (Consultant)
Steve Platt, Iron County Engineer
Dutch Deutchlander, Mayor, Brian Head

Everyone boarded the bus about 8:00 a.m. at the Crystal Inn in Cedar City and received a brochure prepared by the Central Iron County Water Conservancy District (CICWCD). Harold Shirley introduced himself as the Board member representing the Cedar/Beaver Basin area and welcomed everyone to Cedar City. He then introduced everyone on the bus.

As the bus drove, Harold pointed out the new manufacturing plants and the new housing developments around the farm fields. He talked about and pointed out the wells Cedar City gets its water from. Eldon Schmutz, Chairman of the conservancy district, talked about the area included in the district boundaries. He said the district was formed about five years ago, which was about 20 years too late. He talked about some of the challenges with the population growth and water issues.

Mr. Schmutz also talked about the proposed Lake Powell pipeline project and the possibility of bringing water to the Cedar City area. He discussed the feasibility study that has been completed and the USGS studies that show Cedar City will need additional water. Scott Wilson, manager of the CICWCD, also talked about the USGS study and computer models of the basin.

The bus stopped at the Milgro Nursery in New Castle and everyone got out and toured the facilities. The tour guide talked about the geothermal water that comes out of the ground at 500 degrees, which has enhanced the greenhouse operation. He showed everyone how the drip irrigation system works and how the plants are grown. He said the nursery's largest market is poinsettias and chrysanthemums.

The group left the nursery and looked at the farmlands around New Castle and traveled to a hay cubing operation in the Beryl area. Bob Holt met the group and explained his operation. He said he irrigates about 8500 acres of alfalfa and has four hay cubing plants. The hay cubes are shipped to Japan. Director Larry Anderson asked about the efficiency of the irrigation systems and the effects of mining the groundwater. Mr. Holt said the irrigation systems were about 70 percent efficient, but the water level in the wells was dropping.

The group had a discussion about the new water policy being discussed by the State Engineer. Mr. Holt asked how that would affect the concept of "first-in-time, first-in-right" water priority system and expressed his concerns.

During the drive to Enoch City, Kerry Carpenter, the Regional Engineer for the Utah Division of Water Rights in the Cedar City office, talked about some of the major issues with water rights and allocation challenges of the region. He referred to his handout in the CICWCD's brochure.

The bus stopped at the Enoch City office building, and everyone went inside for a briefing by the Mayor and USU Extension agent. Afterwards the group walked out and looked at the demonstration garden and learned about the drought tolerant grasses and plants.

While the group traveled to Minersville Reservoir, the Mayor of Brian Head talked about Brian Head and gave a history of the town's water system and water improvement projects that were partially funded by the Board of Water Resources. He handed out a memo from the town manager regarding recent and proposed water projects for the town.

Warren Peterson joined the tour just before the group got to Minersville Reservoir. Harold Shirley talked about the Minersville Dam repair project and the dam safety program. The group had lunch at the Minersville Reservoir park. After lunch the Mayor of Beaver City and Beaver County Commissioners provided a briefing regarding the water related challenges and future of their area. The commissioners also talked about the operation of the reservoir and the park that has been turned over to the county from the Division of Parks and Recreation.

Mark Nielsen from the USU Extension Service talked about the Beaver watershed program they have been working on for the last few years with the State Health Department and EPA.

Everyone got back on the bus and stopped in Minersville Town to pick up officials from the Circle 4 Farms who talked about the pig operation that has been in operation since 1995 and has grown from 17 employees to 475 employees. They have 60 farms which include sow farms, nursery farms and finishing farms that cover about 35 miles.

The bus stopped so everyone could walk to one of the sewage lagoons. Brian Mouldwin talked about some of the environmental problems and then explained the current project to turn pig manure into methanol. The group then stopped at a finishing farm and looked at the hogs that would soon be shipped to the market.

After the bus stopped in Minersville, Rod Mills from Nolte Engineering, talked about the regionalization issues and water conservation. He also explained some of the water quality issues in the area. He talked about the concerns regarding mining the groundwater aquifer and damaging the aquifer as the water levels go down. Mr. Mills thanked the Board and staff for touring the area and listening to the concerns of the district.

The bus returned to the motel about 4:00 p.m.

Approved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

August 7, 2003

Crystal Inn
1575 West 200 North
Cedar City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
August 7, 2003

The Board of Water Resources held a briefing meeting on August 7, 2003, at 4:15 p.m. at the Crystal Inn, 1575 West 200 North, Cedar City, Utah.

The following people were in attendance:

BOARD MEMBERS

Paul Riley
Harold Shirley
Ivan Flint
Warren Peterson
George Harmond, Jr.
Paul McPherson

STAFF MEMBERS

Larry Anderson
Dennis Strong
Eric Millis
Steve Wilde
Nancy Fullmer
Val Anderson

VISITORS

Sherm Hoskins

Chair Paul Riley called the briefing meeting to order and welcomed everyone. He said Brad Hancock and Bill Marcovecchio had called and asked to be excused from the meetings. He thanked Harold Shirley for the nice tour of his area the Board had taken earlier in the day.

Director Larry Anderson said John Bennett from the Quality Growth Commission would be making a presentation at the Board meeting. He will explain the definition of a “quality growth community” and the proposed incentives. The Board members will not have to take an action on their request for reduced interest rates until they have time to review the impacts to the funds.

Mr. Anderson also said Lee Sim from the State Engineer’s Office would be giving a presentation on the concerns of groundwater management throughout the state.

DISCUSSION OF PROJECTS

Ivan Flint said Brad Hancock had talked to him about the Johnson Water District project in Duchesne County and asked him to make the motion to commit funds. Dennis Strong said the project costs decreased so the amount requested from the Board is less than authorized. No one from the company will attend the Board meeting.

Val Anderson talked about the request from Pioneer Land and Irrigation Company. He said the project would be for authorization only since the sponsor has not completed the requirements for committal of funds.

Dennis Strong handed out copies of a letter Harold Shirley received from Michael Noel on behalf of the Kane County Water Conservancy District requesting the Board of Water Resources reduce the interest rate on the existing Kanab Irrigation Company loan. He said staff had not had an opportunity to investigate the request, but he gave the Board a memo he prepared on the status of the company’s loan. He reviewed the history of the project that was authorized by the Board in February, 1982 and said the company was current in its repayments.

Harold Shirley said the company has a proposed joint project they want to construct with the conservancy district, but they need to get the current repayments changed so they can afford the new project. After considerable discussion, Mr. Strong said staff would make the presentation on the request for the contract amendment at the Board meeting, and the Board can decide to act on the project and grant the sponsor’s request, modify the request or table the request and ask staff to present it at the next meeting after they have more information.

OTHER ITEMS

Director Anderson talked about the Bear River Commission appointments and recommended the Board reappoint Blair Francis as the Upper Bear River Commissioner and Norman Weston as the alternate commissioner to serve until 2007. He said the Board of Water Resources makes the appointments with the concurrence of the Governor.

Mr. Anderson informed the Board members that Bob Morgan, Executive Director of the Department of Natural Resources, is planning to hold a joint meeting with all of the boards in November or December. Sherm Hoskins talked about the purpose of the meeting. He said it could be a good opportunity to discuss the issues facing natural resources. The Board members suggested inviting someone from the Governor's office to participate in the meeting.

Harold Shirley explained the activities planned for the rest of the day and the next day's meetings.

The briefing meeting adjourned at 5:15 p.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES

August 8, 2003

Cedar City Office Building
(Council Chambers)
10 North Main
Cedar City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the August 7 and 8, 2003 meetings were approved with suggested changes. page 2
2. The Board committed funds to the Johnson Water District in the amount of \$396,000 to be repaid in 25 years at 1% interest with annual payments ranging from approximately \$13,500 to \$29,300. page 2
3. The Board withdrew and decommitted the Parowan West Fields Irrigation Company project and withdrew the Parowan City project from further consideration by the Board. page 3
4. The contract for the Herriman Pipeline & Development Company was amended so the September 1, 2003 payment would be due on December 1, 2003 and all succeeding payments due December 1 of each year. page 3
5. The Board authorized the Pioneer Land and Irrigation Company project in the amount of \$90,000 (75%) to be repaid in approximately 19 years with annual payments of \$4,700 at 0% interest. page 4
6. The Kanab Irrigation Company's contract was amended and the 3.45% interest rate was reduced to 0%. The project is to be repaid in 18 years with annual payments of \$36,500. page 4
7. The Board reappointed Blair Francis as the Upper Bear River Commissioner and Norman Weston as the alternate Upper Bear River Commissioner. page 5

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, August 8, 2003 at the Cedar City Office Building Council Chambers, 10 North Main, Cedar City, Utah. Chair Riley presided over the 8:30 a.m. meeting

BOARD MEMBERS PRESENT:

Paul Riley
Harold Shirley
George Harmond, Jr.
Paul McPherson
Ivan Flint
Warren Peterson

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Assistant Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Todd Stonely, Chief, River Basin Planning
Val Anderson, Senior Engineer
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Bob Morgan, Executive Director, Department of Natural Resources
Sherm Hoskins, Deputy Director, Department of Natural Resources
Hugh Thompson, Asst. Director, Department of Natural Resources
John Bennett, Planner, Governor's Office of Planning and Budget
Wes Curtis, Planning Coordinator, Governor's Office of Planning and Budget
Lee Sim, Assistant State Engineer, Division of Water Rights
Doug Nielsen, Sunrise Engineering
Rod Mills, CICWCD Nolte Associate Engineers
Mayor Gerald Sherratt, Cedar City

Quenten Jenkins, Director, Pioneer Land and Irrigation Co.
Joeann Jenkins, Pioneer Land and Irrigation Co.

Michael Noel, Executive Director, Kane County Water Conservancy District

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
August 8, 2003

Chair Paul Riley introduced Bob Morgan, Executive Director of the Department of Natural Resources, Sherm Hoskins, Deputy Director of the Department of Natural Resources and Cedar City Mayor Gerald Sherratt. Mayor Sherratt told the Board about Cedar City and thanked them for spending time in the area. Director Anderson thanked the mayor for the city's efforts in water conservation.

QUALITY GROWTH COMMISSION REPORT

Chair Riley introduced John Bennett with the Governor's Office of Planning and Budget, and Wes Curtis, State Planning Coordinator from the Quality Growth Commission. Mr. Bennett said the Quality Growth Commission was created by the Quality Growth Act of 1999, and is comprised of 13 members appointed by the Governor. The Board includes Bob Morgan representing the Department of Natural Resources and Cary Peterson, Commissioner of Agriculture, along with developers, farmers, real estate interests, city and county officials and citizens at-large. He explained the commission's responsibilities. The Governor wants this to be a part of the legacy of his administration.

Using a power point presentation Mr. Bennett gave a detailed explanation of the Quality Growth Communities Initiative. He encouraged the Board members to give priority for water funding to Quality Growth Communities and 21st Century Communities, and to provide a reduction in interest rates. The Board members asked several questions and said they would discuss the possibility of including quality growth as one of their prioritization criteria.

Bob Morgan said he is a member of the Quality Growth Commission and 21st Century Communities to represent water resources and water rights. He said quality growth is always being promoted. The Commission is trying to preserve lands and promote the conservation ethic by getting communities involved. Mr. Morgan introduced Hugh Thompson, Deputy Director of the DNR, and congratulated him for receiving an award from the Southern Utah State University. Mr. Thompson said he was very honored to receive the award.

STATE ENGINEER'S GROUNDWATER MANAGEMENT CONCERNS

Lee Sim, Assistant State Engineer, said he was representing Jerry Olds, the State Engineer, who could not attend because of other commitments. Mr. Sim talked about the State Engineer's perspective about groundwater management in the state, its use, and what is developing. He explained, through the use of a power point presentation, some of the State Engineers concerns. Mr. Sim spent considerable time answering the Board's questions.

APPROVAL OF THE MINUTES

Ivan Flint made a motion to approve the minutes of the June 11, and 12, 2003 Board meetings with suggested changes by Warren Peterson. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

CHAIR'S REPORT

Chair Riley asked Director Anderson to make a presentation to Warren Peterson. Mr. Anderson presented Mr. Peterson with the gavel he used while he served as Chair of the Board of Water Resources. He thanked Mr. Peterson for his leadership and support to both the staff and the Board.

Chair Riley said he had represented the Board of Water Resources at two meetings during the month; one was the State Water Development Commission meeting. The other one was the Western States Water Council meeting held at Sherwood Hills, along with a tour of Bear Lake.

COMMITTAL OF FUNDS

#E070 Johnson Water District

Steve Wilde reported the district is requesting financial assistance to improve its culinary water system by constructing a 750,000 gallon storage tank and connecting it to the system, upgrading an existing well's pumping equipment so water can be delivered to the new tank, and installing a telemetry line between the well and tank. Since authorization the district received a Community Impact Board grant, it chose to increase its cost sharing, and project costs decreased. Instead of requesting the authorized \$659,000 from the Board, the district is requesting a committal of \$396,000 which is 61% of the total project cost.

Ivan Flint made the motion to commit funds to the Johnson Water District project in the amount of \$396,000 to be repaid in 25 years at 1% interest with annual payments ranging from approximately \$13,500 to \$29,300. Warren Peterson seconded the motion and the Board agreed unanimously.

SPECIAL ITEMS

#E044 Parowan West Fields Irrigation Company

The Board committed \$15,200 to the company to retrofit its pressurized irrigation system with valves and piping necessary to improve flow to a user at the top of the system. Since the sponsor has no water rights of its own, shareholders would have to transfer their shares to the

company and it would require modifications to the sponsor's stock system so the company obtained funding from Western AgCredit.

#E090 Parowan City

Parowan City requested financial assistance to improve its secondary irrigation system. Because there is insufficient support within the city to proceed with the project, the city requests its application to the board be withdrawn.

Harold Shirley made the motion to withdraw and decommit the Parowan West Fields Irrigation Company project and withdraw the Parowan City project from further consideration by the Board. Paul McPherson seconded the motion and it was unanimously agreed upon by the Board.

#E055 Herriman Pipeline & Development Company

Steve Wilde reported the company recently completed improving its culinary water system which consisted of constructing a million gallon concrete storage tank, replacing an existing well's pump, motor and controls, and doing development work on its springs in Rose Canyon. The company's first annual payment to the Board, by agreement, is due September 1, 2003. Because most of its revenues are received September-November, the company is requesting the due date of each payment be changed to December 1.

Warren Peterson made the motion to amend the Herriman Pipeline & Development Company contract so the September 1, 2003 payment would be due on December 1, 2003 and each succeeding payment due December 1 of each year. George Harmond, Jr. seconded the motion and it was agreed upon unanimously by the Board.

#E107 Pioneer Land and Irrigation Company

Chair Riley introduced Quenten and Joeann Jenkins from the company. Val Anderson reported the company delivers Weber River water to 36 shareholders flood irrigating 300 acres southeast of Plain City. River water is pumped into company canals from a facility over 60 years old, which requires considerable maintenance and needs to be replaced. At the current point of diversion, river channel characteristics are such that the company must spend a significant amount of time each season diverting water and keeping it diverted.

The company is requesting financial assistance to install a new irrigation pump station facility approximately 200 feet upstream from its existing pump on the Weber River into a diversion owned by the Warren Irrigation Company, but not being used. Design and construction engineering will be provided by WCA Structural Engineering in Bountiful. The project is estimated to cost \$120,000.

Quenten Jenkins said he had lived in the area all his life and couldn't remember when the pump had last been fixed. He said if they were able to move the facility 200 feet upstream they would be past the existing dam that's having trouble holding water. He said they would appreciate some assistance.

Director Anderson said the project was before the Board for authorization only. The company is not ready for committal of funds. Ivan Flint said it was a good project and made the motion to authorize the Pioneer Land & Irrigation Company project in the amount of \$90,000 (75%) to be repaid in approximately 19 years with annual payments of \$4,700 at 0% interest. George Harmond, Jr. seconded the motion and it was agreed unanimously by the Board.

#N237 Kanab Irrigation Company

Chair Riley introduced Michael Noel, Executive Director of the Kane County Water Conservancy District. He said the Board received copies of a letter from the district and a memo from staff explaining the history of the project funded by the Board in 1982. Mr. Noel thanked the Board for the opportunity to present the request to reduce the irrigation company's repayments. He explained the project was authorized in February, 1982 and in December, 1982 the Board committed over \$2 million at 3.45% interest for about 33 years. The city's portion was \$823,000 to be repaid at 5% interest over about 20 years. In 1989 the company requested the Board amend its agreement and allow it to repay the project balance over about 33 years at 3.45% interest with annual payments of \$51,000. The Board agreed and the contract was amended in February, 1989.

Mr. Noel said they had paid on this loan for approximately 20 years, and at this time is requesting the interest rate be reduced from 3.45% to 0% so the company could use those funds to move forward on a reservoir project. He explained the district's past and present projects and the potential reservoir project; they will be coming before the Board for a request for financial assistance in the near future.

After a lengthy discussion, Harold Shirley said he felt comfortable approving 0% interest after visiting the project and knowing the projects they have on the drawing board to solve the problem for the whole area. He made the motion to amend the Kanab Irrigation Company's contract and reduce the interest rate from 3.45% to 0% to be repaid in 18 years with annual payments of \$36,500. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

BEAR RIVER COMMISSION

Director Anderson reminded the Board, the Board of Water Resources makes the appointments to the Bear River Commission with concurrence of the Governor's Office. Blair Francis serves as the Upper Bear River Commissioner and Norman Weston serves as the alternate Upper Bear River Commissioner. They have both been on the commission for some time. He said there is no limit as to how long they can serve. They must be a farmer or rancher

operating a farm or a ranch in the basin, and they have to live in the basin to serve on the commission. Mr. Anderson recommended the Board reappoint Mr. Francis and Mr. Weston as they have both served effectively and have been very much involved.

Ivan Flint made the motion the Board reappoint Blair Francis as the Upper Bear River Commissioner and Norman Weston as the alternate Upper Bear River Commissioner. Paul McPherson seconded the motion and the Board agreed unanimously.

DIRECTOR'S REPORT

Director Anderson gave the Board a copy of the division's document entitled "Utah's M&I Water Conservation Plan". He said this document was prepared in response to some groups saying Utah did not have a water conservation plan. The division has had a plan for a long time, however it was not clear to others. Eric Millis and his staff were responsible for putting the document together. It is basically what the division and the Governor's Water Conservation Team has been doing for the past 5-8 years. Fifty copies have been prepared and sent out to various cities and water districts for review and comments.

The Western States Water Council (WSWC) meetings were held in Utah in July. Utah hosts this meeting every five years. The WSWC consists of members of 17 western states. He said a tour of Cache Valley and the Bear Lake Basin along with a ride on the Bear Lake Monster and a tour of the Lifton Pump Plant was provided for the group by the division. WSWC meetings were held the following two days at Sherwood Hills Resort. He said the group was very interested in Utah's water conservation programs.

Mr. Anderson said a federal district court ruled on the silvery minnow vs. John Keyes, commissioner of the Bureau of Reclamation, in favor of the silvery minnow. The case was appealed to the 10th Circuit Court which ruled 2-1 in favor of the silvery minnow. This ruling allows the Endangered Species Act to trump the Bureau of Reclamation's contracts to deliver water to communities and irrigation companies. The Bureau of Reclamation intends to appeal this ruling to the full 10th Circuit Court which would mean it would be considered by all 12 judges instead of only a 3-judge panel.

There are various opinions in the interpretation of the Upper Colorado River Compact and the Colorado River Compact as to whether water can be moved from the Upper Colorado River Basin to the Lower Colorado River Basin in the same state. Water would need to be moved from Utah's Upper Colorado River Basin to the Lower Colorado River Basin (southwestern Utah) in order to build the Lake Powell pipeline and supply water to southwest Utah. New Mexico has the same situation regarding the Navajo-Gallup pipeline. Even though it was controversial, a resolution was approved by the Upper Colorado River Commission stating the basin states did not oppose moving water from the Upper Basin to the Lower Basin in the same state. Copies of the resolutions are in the Board folder.

NEXT MEETING

The next Board meetings will be held in Salt Lake City on September 19, 2003.

Meeting adjourned at 11:30 a.m.

